



BREAKING THE CYCLE – BUILDING SUSTAINABLE CUSTOMER RELATIONSHIPS IN THE ENERGY SECTOR

“As a One Nation Government on the side of consumers, we are determined to keep bills down and I am clear that hardworking families and businesses should not have to tolerate poor service from energy companies.”

Energy and Climate Change Secretary, Amber Rudd (press release, 5 October 2015)

Most companies aspire to put the customer at the heart of everything they do – they know that customer centricity isn't a 'nice to have' but an essential for sustainable growth. Some brands are now being recognised as leaders in delivering an outstanding customer experience – John Lewis, First Direct, Lush, Amazon, Premier Inn are amongst those cited for great service and customer focus.

At the other end of the scale energy and utility companies are bywords for poor service. Research by 'Which?' in September 2015 found energy and

telecoms firms to be the worst for service – with Scottish Power and Npower occupying two of the five bottom places.

This poor performance is reflected in GfK's data:

- Satisfaction with energy companies is declining, only half of customers are now satisfied with the service they receive
- Fewer than 4 in 10 would recommend their current supplier
- For some suppliers over 1 in 5 switchers cite poor service as a reason for leaving

- Only 1 in 3 customers think that their supplier values them.

Of course price is also a key reason why many customers switch supplier, but how do energy companies, particularly the industry giants, break out of a downward spiral – competing on price and delivering an inadequate experience? We assume that energy firms have 'voice of customer' programmes in place, but it seems that they are failing to provide the impetus for change.

Get the basics right

Ultimately, firms can only differentiate through customer experience and build more durable relationships if they deliver positive and memorable experiences across all touchpoints. In the energy sector, there is an immediate need to address customer service and deliver basic customer

expectations for quick, easy, consistent and effective service across all channels.

It is now really vital that energy companies listen to and learn from customer feedback – whether it is given spontaneously or collected in surveys.

Customer experience management solutions, such as GfK Echo, provide the means to collect feedback and act immediately: to solve customer issues, or to identify and reward great work by a colleague.

But these platforms need to go beyond performance reporting and closing the loop. Through GfK Echo, we can integrate customer feedback with other data including sales, CRM, social media and mystery shopping to deploy advanced analytics for identifying strategic actions, and the return from these investments.



Mining customer feedback in this way will pinpoint the issues and give some insight into customer needs, but it can't always fully answer the question – "What do we need to do to fix key pain points and deliver a better experience?" In our view, this often

requires a more in-depth approach. User Experience experts follow up with customers to really get under the skin of the issues uncovered, take these insights into the business, and create action plans for focused services and product improvement.

Add memorability to great basics to build more durable relationships

If energy companies can get customer service to a better level, this will help to stem churn and improved retention will give a big boost to the bottom line, but customer expectations always move on. If efficient and effective service becomes the 'new normal', where do firms need to aim?

We believe that the next level, above good service and product, is being able to deliver memorable experiences. Memorability is created when an experience leaves an emotional imprint and what is remembered drives customer behaviour – such as advocating your brand to others and buying additional or upgraded services.

In customer service terms, there are two key ways brands can realise this goal of memorability:

- proactivity – identifying and rectifying issues before the customer makes contact
- empathy – showing real concern and appreciation for a customer's individual circumstances

However, to build stronger relationships energy firms need to look at performance and memorability across all the experiences that customers have with the brand, including ones that are not under a firms' control, such as social media. Stronger customer relationships can also effectively build a barrier to customer churn and because loyal customers are often more

forgiving, they can help to off-set the impact of after-sales service failures.

Our view on how to move forward to real customer centricity

Recognise there is no room for errors on the basics:

- always be accessible and make it easy for customers to get in contact and communicate with you
- have a well-organized, integrated and consistent approach: interactions across the brand must be cohesive and orchestrated well
- avoid the disconnects that create memorable negative experiences
- exhibit genuine empathy and demonstrate authenticity by showing customers that they are being listened to and cared for

Move towards the next generation of memorable "delightful" experiences

- **Be proactive and responsive.** Digital channels such as email, text and social media mean that consumers expect rapid responses. You must identify and resolve issues rapidly.
- **Be agile, collaborative and adaptive.** Brands that listen to customers, that can learn from them or co-create solutions with them, will earn the respect of customers
- **Put the customer's best interests first.** In some cases, customer centricity is less about delighting customers or exceeding pre-existing expectations, and more about communication, education and choice.

Questions? Contact us!

John Banerji | T +44 20 7890 9137
john.banerji@gfk.com

To find out more, visit www.gfk.com or visit GfK on twitter: www.twitter.com/GfK_en

About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.